



## **Single Electricity Market**

# **Fixed Cost of a Best New Entrant Peaking Plant, Capacity Requirement and Annual Capacity Payment Sum For Trading Year 2018**

## **Information Paper**

SEM-17-069a

**06 September 2017**

## 1 FOR INFORMATION

This information paper sets out the SEM Committee's decision regarding the value of the ACPS in 2018, and its constituent components. A full Decision Paper will follow this information note, explaining the rationale for the SEM Committee's decision, in the week commencing 11<sup>th</sup> September 2017.

- I. Indexation of the 2016 annualised cost of operating a Peaking Plant in the SEM using 'Calculation 1' as described in the Consultation Paper. The July 2016 –July 2017 RPI figure of 3.6% inflates the 2017 Final Decision BNE to **88.14 €/kW**.
- II. A deduction based on DS3 services using the Final Decision on interim Tariffs (approved for publication at July SEM Committee). For 2018 this deduction is determined to be **€7.67/kW/Yr**.
- III. Application of the infra-marginal rent deduction formula as follows:  
$$\begin{aligned} \text{IMR deduction (€/kW)} &= [(\text{PCAP} - \text{BID})/1000] * \text{OUTAGE TIME} * (1 - \text{FOP}) \\ &= [1000 - 156.28]/1000 * 8 * (1 - 5.91\%) \\ &= \mathbf{€6.35/kW}. \end{aligned}$$
- IV. The Capacity Requirement was again determined using the existing methodology under the AdCal model. The figure for 2018 was **7368 MW**.

The value of the ACPS for 2018 is as follows:

Year	BNE Cost (€/kW/yr )	Capacity Requirement (MW)	ACPS (€)
2018	74.12	7368	546,116,160

The SEM Committee has provided its approval, and therefore the RAs are in a position to publish this information being aware of market participant desire to receive information to inform tariff calculation as soon as possible.